

KEYSPAN ENERGY DELIVERY NEW ENGLAND  
D.T.E. 05-68

SECOND SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE 2-2

Date: February 14, 2006

Respondent: Leo Silvestrini

Q. On page 12 of the Company's filing, it states that the end-use methodology simulates the behavioral patterns of individual customers as they make choices about energy sources, equipment, and consumption levels. Please discuss the main variables affecting customer decisions and list the assumptions that were relied upon in simulating customer choice.

A. The main variables that affect customer decisions regarding energy sources, equipment and consumption levels are the following;

- absolute fuel price;
- relative fuel price (versus substitute fuels);
- installed cost of the equipment;
- cost of any ancillary piping or tank removal;
- timing of equipment replacement; and
- a "fuel loyalty factor" that captures the phenomenon that, at the time of equipment replacement, customers will tend to continue using the same fuel regardless of the economics.